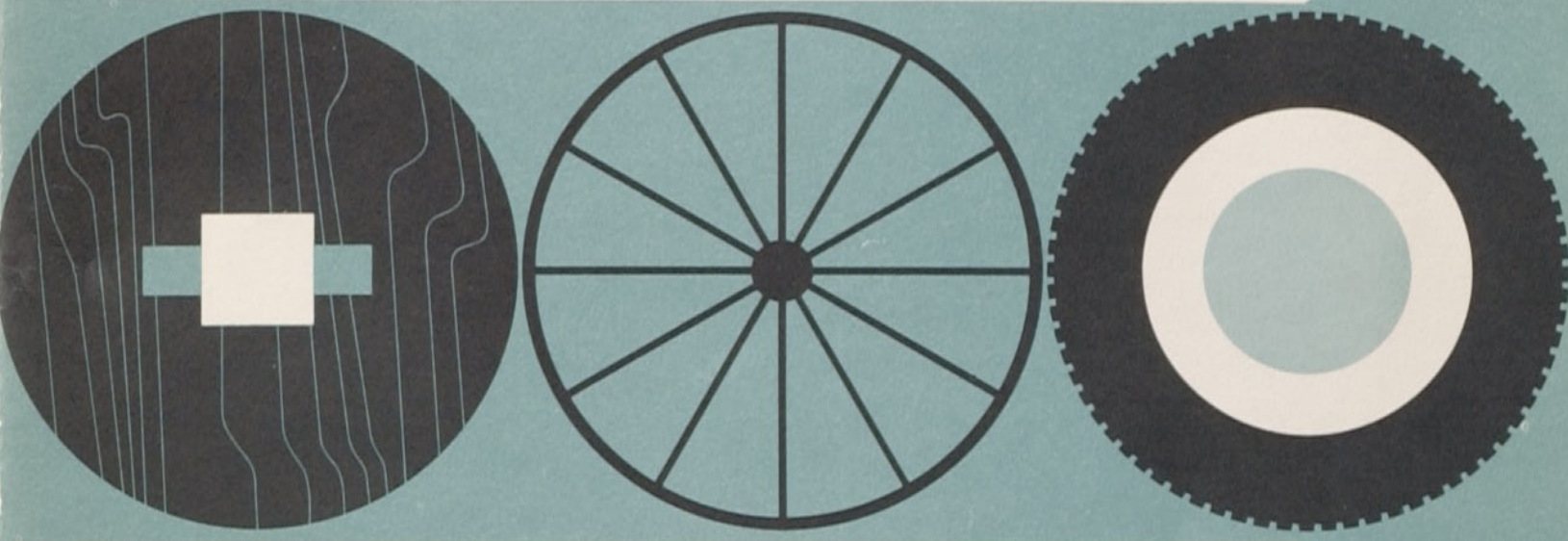
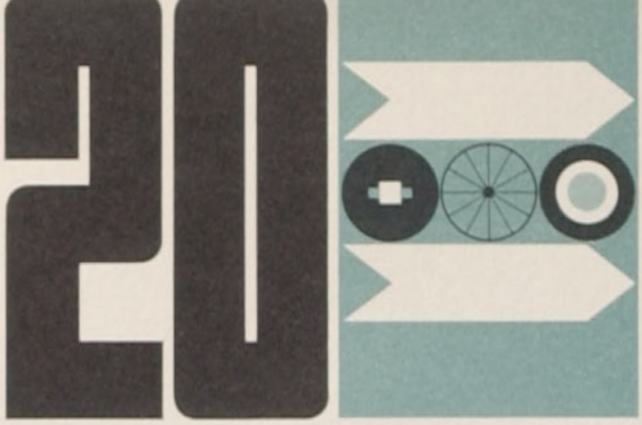
L&M

DESIGN SENSE 20



A New Approach to New Product Planning

Lippincott and Margulies, Inc.
Industrial Designers
430 Park Avenue, New York 22, New York



A publication
on design as it affects
marketing, merchandising,
package and
product planning, research
and store planning.
Lippincott and Margulies, Inc.
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New York 22, New York

PROGRESS, PRODUCTS AND MR. PACKARD

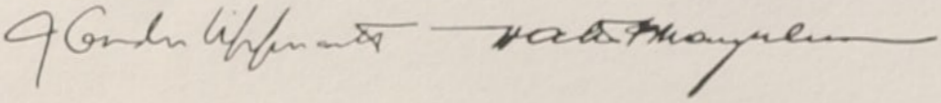
If you haven't read Vance Packard's latest book, "The Waste Makers," perhaps you should. It's a curious document.

This time Mr. Packard attacks "obsolescence" which he sees as "planned" by U.S. manufacturers, then foisted off on unsuspecting customers. Like hash, this is a good meaty subject. Also like hash, it's almost impossible to separate Mr. Packard's meat from his potatoes, so thoroughly have sound arguments been mixed with specious.

For example, Packard rightly points an indignant finger at deceitful selling practices aimed 100% at bilking the consumer. In the next breath, he takes "an overall look at the evidence of the use of obsolescence of quality" (i.e., the deliberate shortening of product life by manufacturers) "as a strategy to promote sales." When it comes to naming names, however, his "evidence" consists of some correspondence about G.E. lightbulbs *written twenty-one years ago.*

From convenience packaging (he is against it) to Model A Fords ("motorcar makers might try copying . . .") the book is a long, nostalgic yearn for the good old days. This is fine. But it is hardly realistic. Times and people have changed. And Mr. Packard notwithstanding, today's consumer is scarcely in the mood to take up the life of his shining example — a woman who "lives alone in a lonely New England cottage" with "no electricity, running water or telephone" chopping "her own wood which she drags from the sea."

This issue of DESIGN SENSE will not attempt a point-by-point refutation of "The Waste Makers." Rather it will discuss the current and mounting furor over "obsolescence" in general, and present what we hope will turn out to be some new guideposts, not only for Mr. Packard, but for all U.S. manufacturers.



WASHING DAY

IN THE DARK AGES!

TO HOUSEKEEPERS EVERYWHERE

If you don't want your clothes twisted and wrenched, and pulled to pieces by the above old-fashioned BACK-BREAKING, WRIST-STRAINING and CLOTHES-DESTROYING process of washing and wringing, go before next washing-day and buy one of the best LABOR-SAVING, CLOTHES-SAVING, HEALTH-SAVING, TIME-SAVING, and MONEY-SAVING inventions of the age,

THE

UNIVERSAL CLOTHES WRINGER

—WITH—

COG WHEELS

53,818 SOLD IN 1863!

46,814 sold in the first five months of 1864.

Bettmann Archive

OBSOLESCENCE — VICE OR VIRTUE?

Somewhere along the line "obsolescence" has become a dirty word. This is a shame. For two reasons.

The first is a semantic reason, and simply stated: "Obsolete" is not now and never has been synonymous with "useless" — which is the connotation the critics of obsolescence have somehow managed to give it. A vacuum cleaner may do a more effective cleaning job than a broom, but this does not mean that all brooms automatically lost their usefulness the day the vacuum was invented. In short, the birth of a new product may *add* something; it does not subtract one iota from any existing capability.

The second, and more important reason we are sorry that obsolescence has somehow been equated with "bad" is that obsolescence is clearly the hallmark of any free and expanding economy. This requires a little elaboration.

Where production and distribution are controlled by the state — or, as in some European areas, by a-là-cartel arrangements — product obsolescence takes place slowly, if at all. In any case the customer has little to say about it; his choice is a blunt take it or leave it.

A free economy, however, puts eventual control in the hands of the customers. Over the long run, by opening and closing their purses, they de-

termine what kinds of products remain on the market. If they are able to afford, and happen to desire new things (as American consumers do) — and if manufacturers are willing and free to supply them (as American manufacturers are) — the result is a continuing flow of new products. Inevitably, existing products become obsolete in the process. If this is bad, then the basic premise of U.S.-style capitalism is bad. We doubt that even Vance Packard would take this position.

In sum, the U.S. consumer's restless desire for change — and his constant searching for the things that represent, *in his mind*, a rising standard of living — is symptomatic of our still-expanding, competitive economy. Under our system, the alternative to obsolescence is stagnation.

This may sound as if we at L&M were defending obsolescence in all its forms. Not so. We are as firmly opposed to some kinds of obsolescence as Mr. Packard is opposed to the whole idea.

OBSOLESCENCE CAN BE PHONY

We are, for example, opposed to "phony" obsolescence, which we define as the doctoring up of an existing product with chrome gewgaws and meaningless gimcrackery in attempt to make last year's model look "new" to the unsuspecting customer.

We are not, however, opposed to this practice on ethical or moral grounds. Rather we are against it for the far more persuasive reason that, in the long range, it just isn't good business. Barnum may have been right when he suggested that there's a sucker born every minute, but it is equally true, as Anonymous pointed out long before Barnum, that "once bitten is twice shy." Today's buyers are more discriminating than ever. They are wary of the "New!" that is just the old with a fresh paint job, and the "Improved!" that represents no discernible change. In sum, we feel that the quickest way to a short product lifespan is to underestimate the common sense of the consumer. Phony obsolescence does just that, those who engage in it are (in FORTUNE magazine's words) "sacrificing tomorrow's reputation to today's profits."

That the practice still goes on is probably best explained, if, indeed, it can be explained at all — by the fact that there exists among manufacturers a strange sort of monkey-see-monkey-do compulsion which leads to a vicious circle of copy-catting. Let one leading manufacturer come out with a refrigerator with squared-off corners, and before you can say "two-seventy-nine-ninety-five" every other maker squares off his corners too. This is designing for the competition — to be "one of the boys." It is not designing for the product, nor for the product's customers.

Another kind of obsolescence we are against — if, indeed, it exists — is "built-in" obsolescence. This, as Mr. Packard implies it, involves the *deliberate* under-engineering of parts and components of mechanical or electronic equipment so as to give the product a pre-determined (and short) lifespan.

In the first place, we don't think this goes on — at least, not as a deep, dark, deliberate conspiracy by manufacturers against the consumer. Today, when real product differences are getting harder to find, and competition getting tougher by the minute, it would be corporate hari-kari for any manufacturer to intentionally downgrade the quality of his product in search of a fast buck. Just as no consumer in his right mind would choose a poor product over a quality product, *if the price on each were comparable*, no sane manufacturer would choose to market a product with a short and trouble-plagued lifespan if, *for the same price*, he could produce one that would give long and happy service.

LIPPINCOTT & MARGULIES/DESIGN SENSE 20

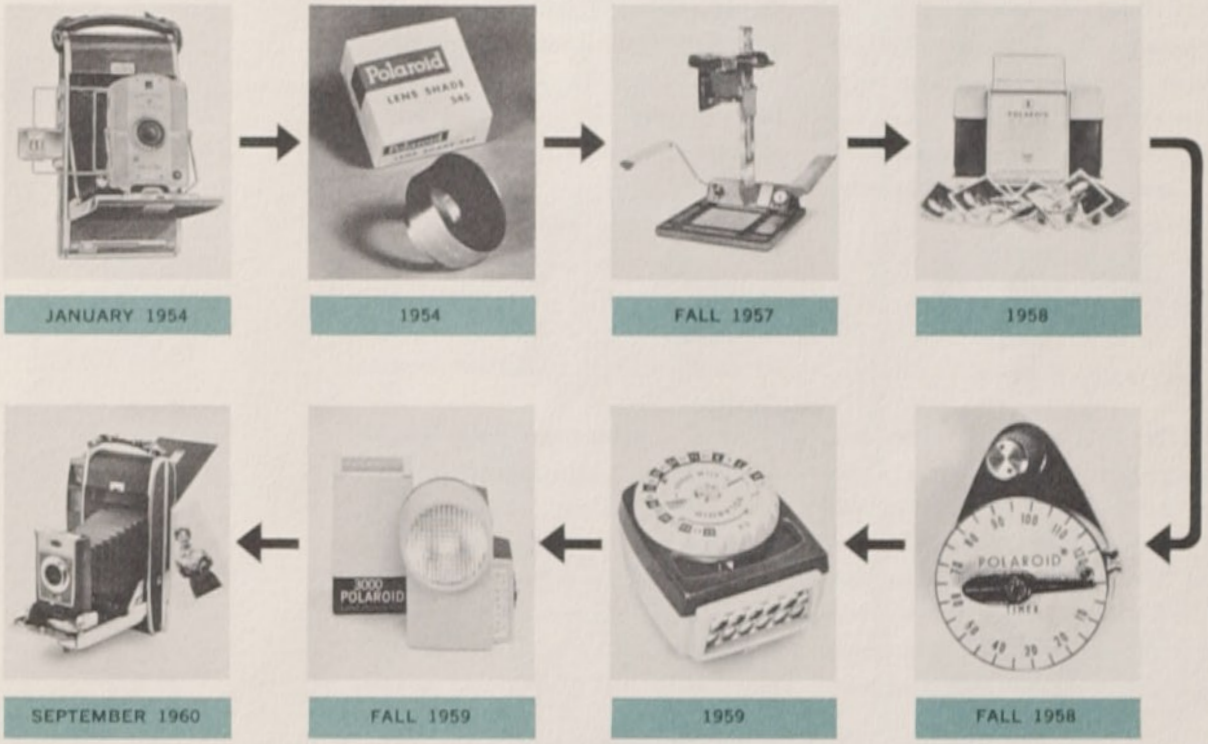
PRICE TAG: TOUGH RAP TO BEAT

The stumbling block is the price tag. If the product is a Rolls-Royce, the maker can afford all the quality that goes with its $13,995 price tag. Indeed, he can afford no less. But if the product is a portable TV set that must go to market wearing a $139.95 price tag in order to meet the goals of mass sales in a highly competitive situation, the maker is automatically limited in how much he can spend for quality. This is true of most mass-produced products. Manufacturers, if they are to survive and prosper (and this, after all, is management's prime responsibility) must inevitably tailor their engineering to meet the inexorable economics of production and marketing.

To blame the manufacturer for doing this, is to beat the wrong horse. It would make as much sense, perhaps more, to blame the consumer for buying to a price standard, instead of being willing to pay the premium that quality demands.

Our hunch, however, is that the notion of "built-in" obsolescence originated among people with short memories. There are, in fact, few major products whose useful life—*measured not in time owned, but in hours of work performed*—is not greater today than when they were first placed on the market. One case in point (as regards maintenance only) was reported in BUSINESS WEEK for October 22, 1960: Service calls on 1960 Frigidaire refrigerators are running 61% below comparable 1948 models. 1960 washing machines do even better — 76% below 1948 models.

HOW TO GROW NEW GRACEFULLY



Since 1948 when the first Polaroid Land Camera was introduced, the company has marketed six models, plus five modifications in models — a total of eleven changes incorporating product improvements. During this period, Polaroid has also put out scads of accessories ranging from exposure meters to last year's novel "Wink-Light."

Rather than force customers to buy a new camera in order to use each new accessory, Polaroid has chosen a far wiser course. With only a few early exceptions, all accessories and all films can be used on any camera from the original Model 95 to the newest Model 900 Electric Eye. Result of this consumer-oriented product planning is a camera that grows new gracefully, leaving behind customers who, because their investment has not been rendered obsolete, are still prospects for each new product in the company's line.

Photos courtesy Polaroid Corp.

So far we have defined the two kinds of obsolescence we are opposed to: "phony" and "built-in." To flip the coin, we are all for two other kinds: "functional" obsolescence and "style" obsolescence.

Functional obsolescence occurs when a real improvement in the way a product performs its job is brought about through the development of new processes, or ways of doing things. One good example this year is Chrysler Corporation's new "Alternator" — a device that will charge your car's battery even while the engine is idling. This significant advance may render the conventional generator obsolete, just as the mechanical refrigerator rendered the ice box obsolete, but surely no one would claim that this is a "bad" thing. Everybody benefits except perhaps the competitive manufacturer who has been caught napping in his research and development department. But that, as they say along Madison Avenue, is the way the marketing meat axe minces.

THE CONSTANCY OF CHANGING TASTE

Unlike functional obsolescence, which no one really opposes, style obsolescence is the storm center around which most of the pro-and-controversy about "obsolescence" rages. Our position as designers and marketers is simply that so long as the tastes of people are subject to change, style obsolescence is inevitable.

The fact that tastes do change is no news. Wigs and lace cuffs were once de rigeur for gentlemen. Mid-Victorian gingerbread was once the rage in houses and furniture. The "streamlined" appliances of the 1930's look strangely out of date today. And it is a safe bet that another generation will look back on the "Best Designed Products of 1960" and think them somewhat quaint.

The main difference between taste changes now and a century ago is that the changes today come at a much faster rate. In part, this can be blamed on mass-production and its opposite number, mass consumption. But even more basic than these is the fact that products wear out faster now than they used to.

Unlike a spinning wheel, or a scythe, or a scrubbing board, many of today's products are made up of fast-moving parts — which get faster-moving all the time. Today's cars are expected to *cruise* at speeds which represented maximums only a few years ago. Even with the best engineering and components, the inevitable result of this ever increasing mechanization has been an increase in the "wear-out rate." This, in turn, has meant more frequent replacement, which, to bring the wheel full circle, has increased the tempo with which changes in taste can be reflected in the marketplace.

To put it as a theorem: the rate of style obsolescence is directly proportional to the durability of goods. This is a vital point, and one which the critics of style obsolescence tend to overlook.

Another point consistently ignored by the anti-style-obsolescence group is that, Paris fashions notwithstanding, "style" is not something that manufacturers and designers have forced down the throat of the consumer. Rather it is the outward expression of people's inner needs and desires, and as such it represents a potent "third force" working to influence the destinies of products.

To cite a classic example, the Airflow Chrysler of 1934 represented an undeniable advance in automotive engineering, and its design conveyed this "new" message in styling unlike anything else on the road. In spite of this, the Airflow flopped with a crash that shook Detroit to its assembly lines. Its singular non-success, unquestionably,

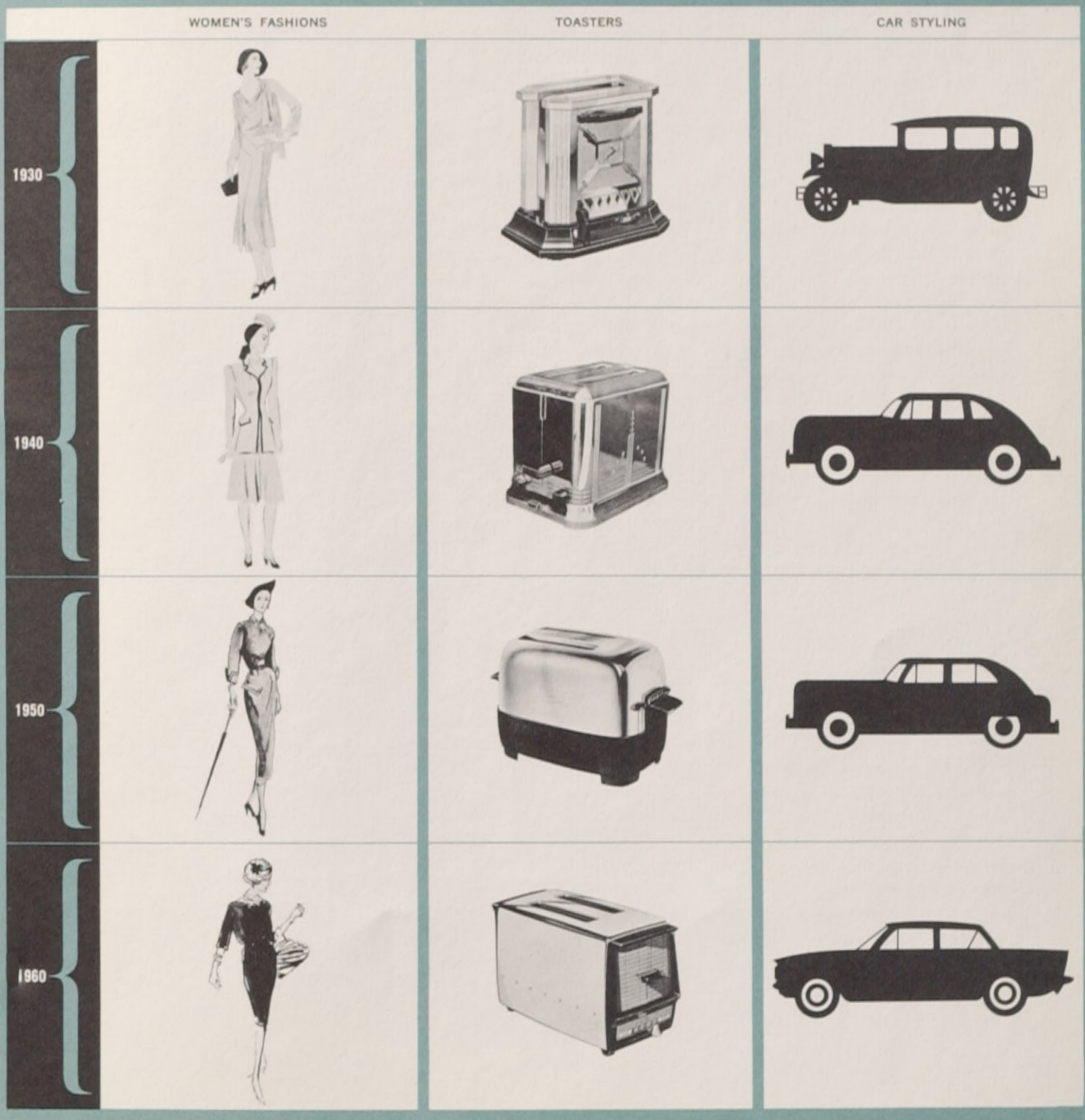
TASTE: A CYCLICAL PATTERN?

Is there a cyclical — perhaps predictable — pattern in consumer taste changes? Thanks to mass production and mass consumption which **have** compressed taste changes into a matter of years rather than centuries, what looks like a cyclical pattern now seems to be emerging.

The most rapid fluctuations, of course, occur in women's fashions, and the drawings below cannot begin to show all the ups and downs of hem, neck and waistlines. The toasters and car silhouettes, however, suggest that there has been a return, in the past year or so, to something akin to the "squared-off" look of the late 1920's and early 1930's. It is a distinctly **different kind** of squared-off look, to be sure, but clearly today's cars and toasters have more in common with the designs of thirty years back than with the designs of, say, ten or fifteen years ago.

A prediction for the future about the operation of taste cycles — we are now approaching a period of more ornate, richer, warmer design as the cycle swings back away from the severe, sparse, squarish lines of today.

In any case, the possibility of anticipating the market by reliably predicting the direction, extent and duration of consumer taste changes is an intriguing one for designers, as well as for marketing men generally.



Fashion Drawings from VOGUE. Copyright Condé Nast Publications Inc. Toaster Photos: courtesy of General Electric Company

was due to an unfortunate miscalculation of what the taste of the public was ready to accept in automobile design.

Similarly, America's first postwar compact car, the "Henry J" of 1950 failed, we suspect, because the U.S. public—still reacting against the years of making do and cutting corners — was in no mood for a car that represented minimums. They were, in fact, ready for all the gadgets, the power and the bigness that were to come in the middle Fifties.

A third case in point is the Edsel — really the Airflow example in reverse. Here, a public that was ready, willing and able to buy something spectacularly new in automotoring was offered, instead, a car that was very little different from anything else then coming out of Detroit. Result a resounding no sale.

If Airflow, Henry J and Edsel prove anything at all, they prove that consumer tastes, as reflected in their preference for products, *change without coercion* on the part of the manufacturer, or the designer. The most (and indeed the best) that any manufacturer can do is to try and plan his product to meet the existing taste criteria of his market. This calls for a keen sense of timing—plus, obviously, a capability in product development and an awareness of the importance of design.

TASTE IS A SEGMENTED MARKET

If it is true that timing design and product changes to meet the ever-shifting taste patterns of the public is an important ingredient in product success, what about those products that don't change from year to year? To stay within our automotive frame-of-reference, how come the success of the Volkswagen in the American marketplace?

The answer is found, we suspect, in the composition of the U.S. consumer market. To oversimplify the picture, we see it as a segmented market with two main groups dominant:

1. A minority group composed of those consumers who seek *functional utility* in products, and to whom style changes are a secondary consideration.

2. A larger group composed of people who are primarily interested in being identified with "new" things, and to whom style changes are of great importance.

Curiously, Volkswagen finds its customers in both groups. It appeals to people in Group 1 because it satisfies their needs in terms of function and utility, and it would be a mistake, *in terms of their needs*, to change model styles every year. It also has a strong appeal to people in the second group. They buy Volkswagen because to them it represents a "new" thing, and a different style. However, because their interest span is short-lived, they are likely to be poor prospects for repeat sales.

In short, the annual model change is just plain smart marketing for some products. For others it would be as wrong as putting tail fins on a Rolls-Royce.

Understanding the basic forces that shape consumer taste—and hence consumer buying habits—is clearly a prerequisite to all sound product planning today. When taste shifts took place slowly over a century or more, management could easily shift production gears to meet the trends. But now that tastes can shift once, twice or — in the case of women's fashions — ten times in a single decade, the job of predicting taste is anything but simple. Compounding the problem, it is also far more important to be right now than fifty years ago; launching a new product today is a multi-million dollar investment.

Photos: (top to bottom) courtesy of Chrysler Corp., Motor Magazine and Ewing Galloway

In spite of the overwhelming evidence of the power of taste, a good many U.S. manufacturers have not yet grasped the importance of understanding of how it operates. The September-October, 1960, issue of HARVARD BUSINESS REVIEW carried a revealing report on "The Import Challenge" by James A. Hagler, Executive Director of the International Marketing Institute, in which the author notes, in part:

". . . foreign products have filled certain consumer needs that American companies should have been aware of but were not. Therefore, it is surprising indeed to discover . . . that American companies *are only beginning to learn* to place greater emphasis on product planning and marketing research. After all, how effective can . . . selling be when the product itself is something the customer does not want." (Emphasis added)

To sum up: for many products style obsolescence is not only inevitable, it is essential so long as customers are human beings with human motivations. The manufacturer who understands this fact, and reflects it in model changes designed to match taste trends is no villain leading the innocent consumer down the primrose path. He is, in fact, only recognizing the facts of life as they exist in the marketplace in which he must succeed or fail.

Granted it is economically ridiculous to try and meet every passing fad and fancy. There are still positive actions any manufacturer can take to minimize the chances of goofing his way into bankruptcy.

FOR BASIC NEEDS: A NEW APPROACH

The actions stem from five basic needs that must be met by all product marketers today:

1. The need to cut the rate of new product failure. These days the cost of new product failure can be crippling. And direct costs are only part of the story. In terms of lost company prestige and lowered employee morale, a product failure can turn out to be a tremendously damaging experience.

2. The need for more efficient research and development. Costs in this area are also growing rapidly. Management must be able — **without stifling creativity in the process** — to single out probable "hits" and spot potential "misses" early in the game, so that available funds can be channelled into most productive areas.

3. The need for more reliable taste information. Above and beyond the normal function of market research to determine where potential customers are and how to reach them, there is a crying need for an effective "early warning system" that will sense trends in consumer taste patterns, and then interpret them correctly—and in marketing terms.

4. The need for corporate flexibility. Once a new product or process is discovered, management must be able to move quickly to establish a dominant sales position before competition can catch up. Conversely, management must expect similar breakthroughs by the competition, must be structured for minimum "reaction time."

5. The need for Systems Marketing. As noted in DESIGN SENSE #19, the rising costs of communicating a sales message are only exceeded by the rising clamor of other communications competing for the customer's attention. It is becoming increasingly important to integrate the efforts of all members of the marketing team so that all are conveying the same clear, consistent message in every medium of communication.

These five basic needs can best be met, we suggest, by setting up within each company a "New Product Plan-

The Case for Quality

The decade of the 1950's saw the filling of consumer pipelines . . . the buying of the new car . . . the washing machine . . . the dryer . . . the first TV set, and perhaps the second. It saw the growth of the discount house and the supermarket, and the inescapable engineering of products to meet whatever target price would bring the highest sales volume.

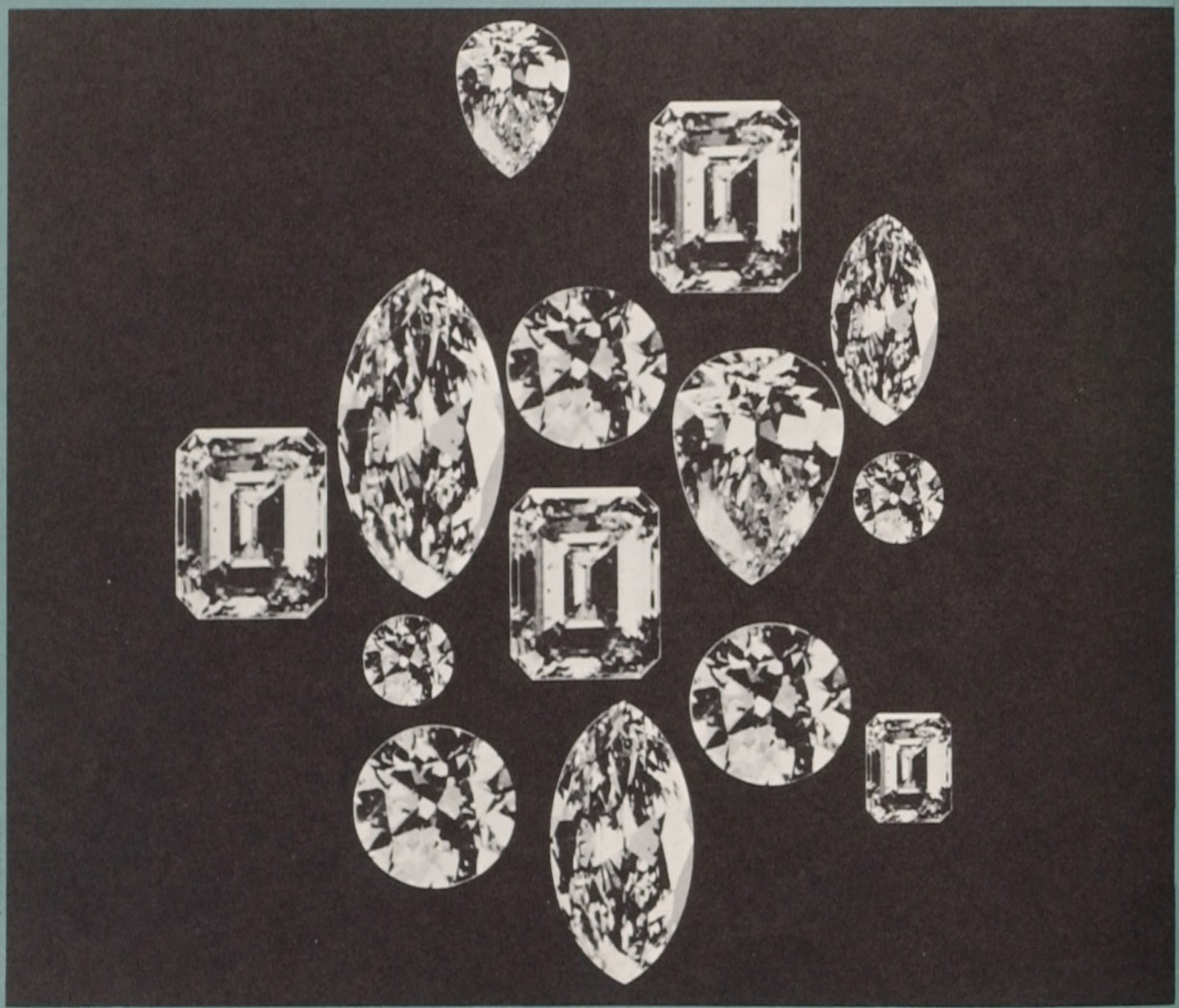
In many product lines, quality suffered — not because of corporate rapacity, but because all companies had to face up to the realities of the production line and the marketplace, as they then existed.

Now that first postwar needs have been satisfied, the consumer of the 60's is likely to have a new set of motivations. He is likely to become a more discriminating buyer. He is likely to pay less attention to price, and more to quality. In short, growing numbers of Americans will want **better** things, not just **more** things. And they will pay the extra that quality demands, once they are convinced that the claimed quality really exists.

A few manufacturers have already discovered that the "quality market" can represent a successful and profitable business. To cite just one; Sara Lee Foods has built a thriving business on the premise that people will pay more for a product that represents unstinting devotion to quality. Other manufacturers, we suggest, might well find that a comfortable market — in both volume and profit margin — exists for products that are believably, demonstrably and distinctly better than the run of the mill.

A vital ingredient in any such quality product is design. Indeed, because many of the things that go to make the product "better" will inevitably be hidden from view (closer tolerances, more reliable controls, higher-test components, etc.) appearance design may well be the only way to communicate visibly the quality differential.

We recognize, of course, that not all manufacturers can, or should, become involved with two lines of products — "good" and "best." But all might well explore the possibility. As we see it, quality represents a real opportunity for corporate growth in the decade ahead.



Photos: courtesy Frederic Lewis

ning and Market Development Group" in which an independent industrial designer would play a key role. The reason we feel that an outside designer should be a member of this group lies in the singular insights that he can bring to this vital area of corporate endeavor.

THE CASE OF THE INGROWN DESIGNER

For example, most major manufacturers of consumer and industrial products already have their own internal product design staffs. This practice has merit, and we do not believe the outside designer should try to duplicate these services where already provided for. His real contribution lies elsewhere.

Inevitably, through his day to day concern with single company and/or a single product, the internal designer tends to become "ingrown." Under the influence of the surroundings in which he works, the background and policies of the company he works for, and the projects he works on, the staff designer cannot help but assume certain preconceived ideas, and ingrained ways of doing things. This does not mean his innate creativity is any less — indeed, his latent creative powers may be greater than ever. What is lacking, however, is the *stimulus to creativity* that can come with a regular and provocative exchange of viewpoints, and the constant input of fresh ideas from outside.

Evidence exists that many companies recognize the value of external stimulation. Several months ago L&M retained a well-known management consultant to explore the ways in which new product development was carried out among major companies, and the role the outside designer played. Perhaps his most significant finding was this:

"Most companies with internal staffs, and who also retain outside design consultants emphasized that the most important service the outside designer rendered was in stimulating thinking in the company they served. Several respondents pointed out that this stimulus to their own people was, in itself, worth the designer's fee."

The kind of creative stimulation that leads to the most exciting new product ideas is one major contribution an outside design consultant can make. Another lies in the field of new product evaluation.

OBJECTIVE: OBJECTIVITY

It is painfully true — as we know from experience—that creative people have trouble being objective about their own creativity. Every new product is somebody's "baby." He has conceived it ... nursed it along ... watched it take shape and grow. Like any proud parent, he *wants* it to succeed.

Small wonder, then, that the decision whether or not to proceed with a new product is usually made in an atmosphere of clashing creative prides and prejudices — inevitably tempered by internal "politics." In such a climate, reason tends to be overwhelmed by emotion.

In sum, at the very time when the greatest single need is for detachment and objectivity, the people directly concerned cannot operate — *and cannot reasonably be expected to operate* —in a detached and objective manner. We suspect this is why many good products never get to see the light of the marketplace, and why some inherently bad products go forth to predictable failure. In either case the loser is the company.

In this vital area of new product development, the outside design consultant can operate as a dispassionate *evaluator* of ideas, and he can bring to this evaluation function his unique sensitivity to consumer tastes as ex-

pressed in design. Equally important, he now has available to him the guidance of design research which can provide facts for informed and objective decision-making about design questions.

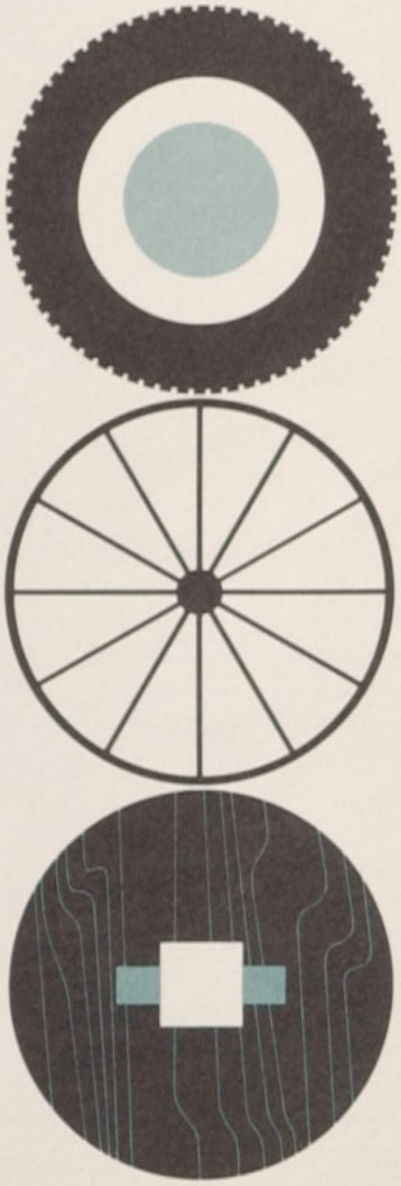
In addition to creative stimulation and product evaluation, the outside designer can function in at least two other areas as a key member of a company's New Product Planning and Development Group. For one thing he is in an excellent position to carry on a continuing analysis of the company's marketing situation in relation to present and likely future competition. As with new product evaluation, this is another area where it is extremely difficult for corporate executives to be entirely objective. Finally, because the independent designer usually engages in several "kinds" of design, (packaging, corporate identification, interior planning, etc.) he is in a key position to help integrate a new product's design communications into the company's other visual communications.

The inescapable result of such an integrated approach to new product development, we are convinced, will be more successful products . . . developed, at lower cost . . . established faster in the market-place . . . sold more effectively to more people.

Inevitably, too, the result will be obsolescence. It may be obsolescence by the route of real and believable functional improvement, or obsolescence as a result of recognizing, realistically, that the market for the specific product demands changes in style.

In either case, the obsolescence comes as a result of *deliberate long-range planning for new and better products* to satisfy the needs of an increasingly competitive market and an increasingly sophisticated consumer audience.

This is what we mean by "planned obsolescence." This is not wrong, morally—or any other way. On the contrary, it is good for the customer, good for the manufacturer and good for the economic growth of the nation.



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among our clients

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American Community Stores (store planning)
American Laundry Machine Co. (store planning)
American Machine & Foundry Company
The American Tobacco Company
Armco Steel Corporation
A.S.R. Products Corporation
Burry Biscuit Corp.
Capital Airlines
Carling Breweries Ltd.
Central Soya Company, Inc.
Champion Spark Plug Company
Chemstrand Corporation
Clairol, Inc.
The Coca-Cola Company
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DX Sunray Oil Company
Eastern Products Corporation
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General Foods Corporation
General Mills, Inc.
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Hill & Knowlton, Inc.
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